

Anil Sindhwan, Andrew Kaplan, Brian Honan

Link to questions used

Questions re financing

- Julia: Re. "city and State shall have the discretionary ability to cure defaults"
 - Andrew: Out of convos with city on topic, they view this as a moral obligation themselves → specific w us so OMB can approve and sign off, make sure there are enough reserves, safeguards, etc
 - NYCHA perspective is would be happy w either version of language -- q of obligation vs how written right now should be taken up with the mayor's office
 - Posed to us de facto obligation, ppl working w city on finance side everyone from OMB to readers would see it that way -- ie why so clear w us on the requirements
 - Brian: many convos w OMB about this yes; even language now, everyone would read this as political pressure on city as tremendous, so it might as well be an obligation
 - Jenny follow up: leave obligation out of th language? If city is admitting it is de facto. Omb back with full faith and credit. What's the hangup given this is an option for the city, and probably for the state as well?
 - Andrew: dont want to speak for OMB - will give you what theyve said to us. Their point: even if likely it would go down, there's a de facto preference for flexilibyt, which i dont nec agree w, but that's how discussed generally. Their view is that the city would be on the hook and responsible for. Dont have any other rationale beyond that in terms of policy reasons. Again think we'd be happy to support either option
 - Brian: no danger even if we hit doomsday scenario where trust unable to make payments and city says no not going to bail out and state says same -- even if happens, there's no danger that properties would be lost to private entity or go market rate or could serve any population other than those served today. At most risk would be lenders may come in and decide that another entity other than nycha would mange the property which would be a concern, but wouldnt be like we'd lose houses to a private entity
 - Andrew:good point, not losing
- Julia: follow up - tenant protections that exist for residents under federal law would be explicitly transferred to the public trust? Even seems a given want to make sure it is in the legislation
 - Andrew: yes absolutely
 - Brian: took sections of the law that dealt w tenants rights and copid them over, eg. 964 rules re right to organize. Also put in HUD regs - going to be in state law for first time
 - Jenny: to clarify, so 964 would be transferred over to the leg? Every section?
 - Andrew: specific line like 'full reqs of 964 are being transferred over'
- Jenny: can you send latest version?
 - Yes

- Cea: what is the process that would trigger a resident mgmt corp in negotiating?
 - Andrew: exciting opp for substantive resident decision-making. Started this convo with CCOP. shared ideas and asked for input. Early stage. Q's like does it make sense to go through tenants assoc? Should there be vote required? 50% +1 or supermajority etc? General frameworks that might make sense nothing yet back from CCOP. once get reply then it goes out to other assoc's, rest of resident body. One idea: open solicitation where ppl interested say we're interested, let's walk through the process at your dev'ment
- James: q that relates to role of bond trustee. As currently written, trust has open ended ability to engage in what bond trustee might be doing (important role). Esp if event of default bond trustee step in, decide who paid what order; is there any way to tease out -- where does the \$ go to first and where second? Nice to avoid situation where \$ goes to bondholders first instead of paying for repairs. Agreement w bond trustee or elsewhere?
 - Andrew: our thoughts: something like that is too detailed for the leg itself -- something though that would be part of broader convo. The city more broadly already works with HTC on reg basis; probably partner w them. I dont know enough about what should go into the leg vs not; maybe 1 detail beyond but happy to hear others thoughts.
- James: i think that the underlying concern is making sure that the payments are not prioritized for bond holders over basic services/repairs in the long run, esp in the even of default. One way to deal w that is to write into the leg restrictions on the bondholder. Can look into this and provide more specifics later
 - Brian: if can get us suggestions we'll take a look. Whole pt is to preserve housing and to protect the valuable land in NYC into the future. Happy to work with you on that
- Cea: political feasibility of the TPVs. creating the trust so that you can get the vouchers adn then using the vouchers to get the bond. But the state leg only creates the trust. So what going to do w the trust if dont get the vouchers?
 - Andrew: fw things. 1) where the tenant protection voucher convos are rn. Upwards of 25k TPV available that HUD has in backlog that havent pulled down. Our perspective is that given back and forth w HUD central staff, our view is that there's enough -- updated 25,000 unit cap in leg on these conversion -- we think you can move forward rn. Going forward TPVs are appropriated newly each yr, usually 100m about drawn down. Over time ability to get the resources to this and there's enough rn. Second part is what's the alt to the trust and why imperative to do rn. Important to mention: even if get full funding from somethin like gnd for housin - trust enables us to use that money more efficiently and w better results. Even when nycha has the \$ we're not very ood at doing things w it. Trust enables us to spend more quickly and also use section 8 capital conversions w TPVs. and 3rd piece around operating too. So that's why think about important to act now
- Cea: so you have confidence in TPVs will come but there's value in putting into the trust regardless.

- Andrew: never put building ground lease without tpvs. Hud wouldnt allow. If trust created though can enter into intergovtl agreement using trust procurement structions, wouldnt have to go through that.
- Julia: anything in leg that prevents nycha from making operational changes agency wide changes in separate leg?
 - Brian: no there wouldnt be. In fact federal agreement which still would stand dictates we have to make org'l changes and we're already doing. Vision is much more locally based mgmt of nycha moving ahead. Already training maneers on how to __ with budget. Too often decisions made for developments without even visiting. Diff houses might need diff things. This will encourage mgers to work w residents to develop budgets that work for those houses. Model moving forward. Also stressing that we have to be better at customer service. Ture we dont have enough \$ but also mgmt issues - we are failing. Trust gives us opp to change
- Ramond follow up: if read blueprint doc, they follow consultants looking at some process in nycha; then consultants proffered solution. You're about to implement them, new processes on top of ongoing projects. Sometimes \$ not problem and also prop mgers and incompetency. Asking them to do new things, new accoutnabilty sturutres, but under what timeline? Happening in concert?
 - Brian: discussing over year, People need to be given the tools to do their jobs to the best of their ability, changes mandated by agreement, nycha has to change how doing business no matter what
- Fainan: procurement changes happening in relation to blueprint?
 - Andrew: everything in leg around procurement/rules and then also how nycha personnel get better at work = 2 main buckets
 - In first bucket, w main diff: almost always we follow __ procurement. When we select respondents to do work for us it's the lowest responsive bid. Sometimes works out but often gets us what we pay for, shoddy work. We aren't able to eval other factors that we think and hear from residents holistically matter, eg bringing in MWBEs, sec 3 req's. Putting in MWBE pref. Shift from low bid process,
 - Second bucket, guaranteed max price. On many of our bids, we get a lot of change orders, will think something costs x amt money or certain scope associated w, then move forward, big change order, we all get frustrated. Guaranteed max price enables us to set expectations ahead of time. Work needs to get completed w/in that price.
 - Couple other nuances around GMP - being able to assess at diff times. Up front 30% design, 70% __; v important on procurement side
 - One thing looking at cap projects division and shifting away from approach without direct ppl responsible → direct team responsible.
- Fainan: good to hear. Other language like without formal competitive process -- supposed to be easier to take bids but what are implications for union labor?
 - Andrew: language related to no formal competitive process pulled exactly from the SCA. difference we are able to do a slightly higher threshold if want to do MWBE without formal process. One thing to note is PLA req across the work we'll be doing. Unions care greatly about that. Working v closely w __, trades.

- Brian: yes PLA at NYCHA which would go to trust too. Stressed to building trades too that there are apprenticeships too for residents that lead to union membership. Teamsters local will stay. So will have strong union labor.
 - Andrew: also all prevailing wage
- Jenny: if unsuccessful at getting TPVs, what stops nycha from just doing these procurement changes on their own? E.g. max price limits, ways to circumvent comp bidding project, etc. Why does it require the trust?
 - Andrew: the answer is you could just do this through nycha if wanted to. Think adding to package of trust, it improved likelihood of doing it. If gnd funding would supplement w TPVs which we think likely to come along. So best case scenario -- use procurement structures through the trust and better perform work. Even in worst case... If there werent TPVs appropriated that would be a sig change from way federal aprropriations have gone so unlikely. We think as package this allows us to have ability across board to be better prepared
- Kara: residents rights. In the bill, talks about residents having right to establish and operate a council; can you explain diff btw that and TAs that exist
 - Andrew: same. If existing council has to be recognized.
- Julia: diff experiences w nycha. Can you clarify distinction btw tenant assoc's and resident councils vs resident mgmt corporations
 - Andrew: res council/tenant assocs/ __ - required by 964 crf code. Diff rules about but basics: residents have right to organize, elect board, board advocates on their behalf on things, communicates w nycha. Thing to mention on top fo res councils is they're building wide wide and district wide...formed by res councils themselves...then there's ccop which has 1 member from each of those districts...ccop = citywide rep body nycha deals w all the time. Those structures carry over into the trust, no change
 - Re res mgmt corporations, those are also provided for under 964. Sometimes they happen to be resident council, those are entities formed by residents to operate the properties themselves. Level of operation differs. Rent collection to janitorial work etc. sometimes just small piece of it. 2 distinct structures. We dont have any RMCs in NYC. but want to encourage this.
- Fainan: largescale change and also new opps through trust to create incentives etc - one path seems first step would be to create a process for and right for tenants to vote on whether their buildings enter the trust. Curious if path to put that in the leg?
 - Andrew: happy to have that convo. Few considerations: 1) admin of elections is difficult for us to do rn. Boe even struggles to do. Not to say we cant work w someone to do but would need to work w someone. 2) other piece not mutually exclusive: obligations under monitor agreement, req by law HUD. Certain dev;ments by law where we have to perform certan work by law. Renovation through funding available in the frust. So if residents voted against, very tricky. Not to say not reconciliable. So is a vote the best way of ensuring? As baseline want to make sure residents have partnership decisiomaking. We will have long process w resident assoc's, but those are some things to consider

- Anil: reminder that there's opps to change later. when/if decide, say we get the trust, whatever we pick, there will be at least 6 mos of resident engagement before shovels to the ground
- Marcela: important for residents to have a say for each tenant to understand what is being proposed so they can have a decision in, should be part of the leg as well
 - Brian: should look at language like that. Would serve everyone better if we have buy in. would be amazing if could get comms w lot of nycha to also buy in. eg if red hook east but not west bought in not ideal
- James: lang re appointing members of the trust and engaging residents and also lang re nycha ceo/mayor has right to terminate... have you discussed putting guardrails around that? Some restriction on this so they can't just fire ppl
 - Andrew: this hasn't come up bc i think we implicitly thought that giving reasons = giving good cause. But if there's lang to make this more clear, we'd love to see it. Our intention is not to set up something that's not accountable.
 - Brian: looking to create a true board. Something very serious that could be explained to the public as reason. Also want to emphasize for first time will have 9 member board, 4 residents and 1 from workforce. A majority will be both residents and someone who reps nycha workers here. Sig diff from nycha board today
- Cea: political update. Leg not intro'd. Do you know where things are at, what's happening?
 - Brian: convos w sponsors this week. Just waiting for...it's a city bill...leadership needed to sign off. Should see new bill any day.
- Cea: so passed this session?
 - Bill: up against clock but yes.
- Jenny: another important q that we wanted to get to -- saw btw last year's and this year a change that removes provision "NYCHA shall remain the fee owner of any such housing facilities" that are transferred to the trust (Section 605 - Transfer of Property). What's the intent behind this change?
 - Andrew: could add that back in. Intention is for nycha to remain fee owner under all circumstances. Second part on clarification, just add as many diff situations as possible. Fee ownership, we can check on, but thought was in there
 - Brian: yeah want nycha to remain owner so if there's anything that creates doubt we want to change that
- Jenny: word "transfer" is key...
 - If removing that would make ppl more comfortable...there's no intention here to allow for desire/transfer beyond what discussed here. Confer w law dpt. Maybe if transfer back to nycha but have to confirm that. Intention is for long term ground lease w trust and that's it.
- Fainan: suggestion about conversation behind city/state backing?
 - Brian: as nycha and city partners will probably kick but as nycha we pushed as far as we could and rly this is something city decides. Worried about their bond-rating stuff personally beyond me but we pushed as hard for language to

give ppl as much confidence as possible and this is where we ended up. Mayors office is active in albany and reaching out to them might help.

- Julia: can bring these concerns to them, sponsors
- Cea: and to leadership
- Jenny: someone at mayors office best to speak to?
 - Brian: Tania is our partner on state leg
- Carlos: quick q on the board - what is the mechanism for choosing who on the board
 - Brian: unlike current system, and this came out of convos w tenant leadership they told us don't have relationship w tenant members on board + they'd like to see resident members of the board who are picked by residents. So 2 members nominated by ccop and resident adv board (50 members). So they'll be selecting. Same thing for labor rep -- come from union that reps nycha workers...heard criticisms and suggested the current language as result

Debrief convo

- James - how do we amend the bill
- Fainan - how do we get in front of the mayors office to ask the city/state back the bonds
- Julia - going to bill sponsors might be more effective
- Sumathy - bill sponsors have more leverage, team up with legal aid
- Jenny - how do the votes line up in the leg? Can we team up with other legislators for leverage?
 - Julia - expect everyone outside of the city to support it bc housing chair is carrying it - may not be any alliances to build there. Otherwise, looking at people who are ordinarily aligned with us who represent a lot of NYCHA - e.g. senator Jackson. It matters who the leader will listen to about their support / non-support
- Jabari - checking in as to where we are at
 - Marcela +1
- Fainan (summary) - we had a lot of questions and concerns for NYCHA. There are some policy tweaks that we can pursue with NYCHA. Biggest issue - the trust is going to borrow money, the debt is not fully backed up by the city and the state. If the trust is unable to make payments and file bankruptcy, it's possible that the city and state would walk away and the trust could be privatized. NYCHA said its not their call about whether they back the debt.
- Jabari - is this the only thing we are following up on?
- Sumathy - this is the biggest sticking point
- Kara - we should talk about how the legislation should be amended. But don't think we should be committing to doing that right now. We are still gathering information. We are still trying to set up a separate meeting with NYCHA advocates who are opposed to the blueprint
 - We shouldn't commit to putting amendments in the pipeline just yet
- Fainan - we should figure out a plan for backing the debt first
- Cea - concerned that the advocates are not able to mobilize more than 5-10 people each. The problem is that the people who are doing the most honest NYCHA residents are the people who work for NYCHA (brian, anil, andrew)

- I had a follow up with NYCHA after
 - We asked who are the 25k units
 - These groups don't have a base in public housing
- On getting the city to back the bonds
 - Legal aid and CSS are saying that we need the city/state to also back the bonds. They wont support if this part doesn't change. Brian Kavanagh likes them
 - It's not really up to OMB, is up to the legislature
 - Not concerned about private management taking over because they can't raise rents and ownership is written into the land lease
- James - the more protections we add into this, the less attractive to bondholders. Market logic cannot solve this - public housing is not profitable. Could be turned over to private management. There is good language saying they can't jack up the rents. It's still not airtight - there is a clause in the legislation that gives them power to give away extra rights.
 - "The trust shall have the power, notwithstanding the provisions of this section, to contract with the holders of any of its bonds, notes and other obligations as to the custody, collection, securing, investment and payment of any money of the trust or any money held in trust or otherwise for the payment of bonds, notes and other obligations or in any way to secure bonds, notes and other obligations, and to carry out any such contract notwithstanding that such contract may be inconsistent with the other provisions of this article."
 - AKA you can still contract away anything (such as the rent restrictions)
- Cea - we should send language change on all stuff
 - Is this giving away our leverage
- Andrew - question for james - if we succeed in putting in provisions to protect it from a bondholder coup - what happens if the protections are so strong that they can't sell the bonds.
 - If all the legislators went to kavanagh and said "you can pass this without us but we would vote no", thinks it would scare him
- Jenny - bondholders can hold out and renegotiate any prenegotiated terms - e.g. puerto rico
- Julia - if there is more to discuss in terms of what we would propose to change the bill - this is important. It would be good to convey what we KNOW we want to change to Kavanagh as soon as possible
 - Thinking about this in the context of what is currently happening to NYCHA - which is pursuing RAD - have been starved of federal funding in general - Right now slated to convert a third of NYCHA - thinking about the blueprint in the context of RAD and what we know for sure - no units that would go through the preservation trust would be able to be eligible for the RAD program. The worst case scenario is that more developments go through RAD
- James O - thinking through what is the alternative is important. At the same time, not sure if we can create an alternative

- Once we lock this in, the trust will be the next 30 years - if we do this we shut the door to other options we might take. If we say no to this, we need to think through what comes next.
 - The part of the bill that talks about procurement is promising - could we pass this as its standalone bill - would address the underlying problem
 - People have campaigned on what NYCHA is owed
 - Cea: They have legal rights but the city is trying to pursue RAD
 - What if we try to increase section 9 operating funding
 - Andrew: we need to engage our congressional leaders
 - Andrew - what happens if andrew yang / eric adams as mayor?
 - More attractive to lock in now?
 - Kara: if yang becomes mayor - would be better to lock this in now because they would just pursue RAD
 - Cea: next mayor has a big say in the appointment of the board
 - Most important we can do is supercharge NYCHA organizing into the existing NYCHA structures.
 - Jenny: why is federal operating money not part of American Jobs Plan discussion?
 - Cea: IDK, GND and American Jobs Plan would solve the capital piece.
 - This is what we need to figure out.
 - Andrew: political question - the answer we get from some advocates is that "why are you not pursuing federal funding" - we can get into the details of this but need to pursue the federal discussion
 - Jabari: do the federal reps even know that the blueprint is happening
 - Cea: yes they know and they support it,
 - Julia: nydia is aware of it and is supportive of it, doesn't see it as conflicting with her NYCHA bill. This is consistent with Jabari and Julia circulating the letter to get the capital funding
 - We are well positioned to articulate this. We have been demanding that the govt fully publicly fund NYCHA. It is well documented.
 - Next steps:
 - Jabari - feel like if we want to submit proposed language changes, to shoot them over to Kavanagh. Especially if we have language about the city / state backing the bonds.
 - James - making the ask about the city / state back the bonds - we have consensus on pursuing this. →
 - Julia - we should initiate a convo with kavanagh and lay out demands
 - Cea - does this undermine our leverage? Thinks we should go to kavanagh and pursue changes right away. But is this saying we will support and would this undermine us
 - Julia - From everything we are being told, the bill is being introduced, naturally they want it to move this session. Don't anticipate that leadership will oppose moving this, maybe they will. We would have more leverage in determining the

outcome if we convey these changes. Bringing these proposed changes to kavanagh allows us to inform the bill

- Jenny - surfacing changes wont hurt us
- Sumathy - we can express concerns without committing to supporting
- Emiy - supports going to kavanagh
- James - do we want to just ask to back the bonds or ask for everything? Who communicates this?
 - Jabari - ok to say what our top line concern is and say there are more coming
 - Doesn't know if he is best person to do it but could reach out
 - Julia - down to reach out with Jabari
- Emily - Good relationship w kavanagh and shares district - also happy to try to initiate. Have developed good rapport, would be happy to go to him with some prep.
- Cea - assumption is that we have more leverage to change it via the senate than the assembly. Also we control 2 seats in the housing committee in the senate
 - Emily - assembly - has talked to cymbowitz, he is less swayable. Seems less willing to engage vs. kavanagh
 - Andrew - Framing it as a nice hands up - a left bloc is maybe all going to vote no. Seems like he will take that meeting
 - Julia - based on cursory convos with kavanagh, also thinks that he is going to be eager to talk and every point that we have / demand that we have
 - But there are only 2 votes that he cares about here
 - Kavanagh may be more comfortable with her and Jabari doing it with him.

NEXT STEPS:

- Julia and Jabari to talk with kavanagh and ask that the city/state "back the bonds with its general obligation and full credit" in the event that NYCHA defaults on the bonds
 - Can we use the document? Yes
- Set up advocate meeting - Kara
- Set up meeting with legal aid and CSS - Cea
- Get a meeting with congressional reps (Nydia & AOC & Bowman) - Julia + Marcela